

Minneapolis Community Development Agency

Request for City Council Action

Date: December 2, 2003

To: Council Member Lisa Goodman, Community Development Committee
Council Member Barbara Johnson, Ways and Means/Budget Committee
Refer to: MCDA Board of Commissioners

Prepared by Donna Wiemann, Sr. Housing Project Coordinator, Phone 612-673-5257

Approved by Lee Sheehy, MCDA Executive Director
Chuck Lutz, MCDA Deputy Executive Director _____

Subject: Affordable Housing Trust Fund Program Funding Recommendations, an Appropriation Increase in Fund SNH, and an Appropriation Increase in Fund SCD

Previous Directives: On December 27, 2002, the Council approved the allocation of \$2,000,000 of 2002 Chapter 595 Levy funds for affordable housing. On December 24, 1998, the MCDA Board approved retaining the balance of funding in the Riverside Plaza Affordability Fund (Fund SNH) for future MCDA activities.

Ward: Citywide.

Neighborhood Group Notification: Neighborhood group review has occurred for each of the proposals being recommended for funding.

Consistency with *Building a City That Works*: Complies with Goal 2, Strategy A, to preserve and expand the number of affordable housing units throughout the City.

Comprehensive Plan Compliance: Complies.

Zoning Code Compliance: Projects will comply.

Impact on MCDA Budget: The action requires an appropriation increase in Fund SCD and an appropriation increase in Fund SNH.

Living Wage / Business Subsidy: Not applicable.

Job Linkage: Not applicable

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Affirmative Action Compliance: Projects will comply.

Recommendation:

City Council Recommendation: Amend the 2003 MCDA Appropriation Resolution to increase the appropriation in Fund SNH by \$400,000 from fund balance, amend the 2003 MCDA Appropriation Resolution to increase the appropriation in Fund SCD by \$1,500,000 from fund balance and forward to the MCDA Board of Commissioners.

MCDA Board Recommendation: Approve the following loans totaling \$4,794,188 From the Affordable Housing Trust Fund Program, approve a loan of up to \$400,000 from the Riverside Plaza Affordability Fund for Riverside Station, and approve grants totaling \$120,000 from the Non-Profit Development Assistance Fund.

1. Up to \$500,000 for Agape Child Development Center by Agape Development Partners LLC (Oasis of Love, Inc. and Welsh Construction).
2. Up to \$188,000 for Cecil Newman Plaza by Legacy Management & Development and Northside Residents Redevelopment Council.
3. Up to \$289,400 for Heritage Park Phase III by McCormack Baron Salazar.
4. Up to \$435,000 for Hawthorne Apartments by Plymouth Church Neighborhood Foundation and up to \$30,000 of Non-Profit Admin funds.
5. Up to \$554,403 for Loring Towers by Apartment Investment and Management Company.
6. Up to \$180,543 for Morrison Village Apartments by Community Housing Development Corporation.
7. Up to \$500,000 for New Village Cooperative by Powderhorn Residents Group.
8. Up to \$500,000 for Paige Hall by Central Community Housing Trust and up to \$30,000 in Non-Profit Admin funds.
9. Up to \$1,000,000 for Riverside Station by Twin Cities Housing Development Corporation, up to \$400,000 from the Riverside Plaza Affordability Fund, and up to \$30,000 of Non-Profit Admin funds.
10. Up to \$468,000 for St. Anne's Senior Housing by St. Anne's Community Housing Development Corporation and up to \$30,000 of Non-Profit Admin funds and
11. Up to \$178,842 for Structured Independent Living for Veterans by Minnesota Assistance Council for Veterans.

BACKGROUND

CPED staff issued a Request for Proposals (RFP) for the Affordable Housing Trust Fund Program (AHTF) in June, 2003. The AHTF Program provides gap funding for the development and stabilization of affordable rental housing. The MCDA Board established the program guidelines in 1983 and the current selection criteria in May,

2003. There is one set of selection criteria for projects located in impacted areas of the City and one set for projects located in non-impacted areas of the City. Attachment A-1 is a map showing the current impacted and non-impacted areas; Attachment A-2 is a revised impacted/non-impacted area map which CPED staff understands will soon become effective.

The RFP announced the availability of approximately \$4,700,000 of AHTF Program funds and \$500,000 of Empowerment Zone (EZ) funds. The sources of the AHTF Program money are HOME, CDBG, and 2002, payable in 2003, Levy funds.

Twenty one proposals were received in response to the RFP, however, one of them, Homewoods Apartments, was subsequently withdrawn. Attachment B lists the remaining proposals with the addition of the New Village Cooperative stabilization proposal that was submitted for funding consideration in an earlier RFP. Each AHTF proposal was evaluated for its conformance to the AHTF's selection criteria. Attachment C shows the scoring and ranking of each proposal in the impacted areas of the City and in the non-impacted areas of the City. Attachment D is a comparative analysis of the proposals recommended for funding.

PROPOSALS BEING RECOMMENDED FOR FUNDING

Staff recommends that the following proposals be approved for funding. The details of each proposal are in the attached Project Data Worksheets. (Attachments E1 to E11)

Approval of these projects will result in the expenditure of up to \$4,794,188 from the AHTF Program, \$120,000 from the Non Profit Admin Program and \$400,000 from Riverside Plaza Affordability Fund.

1. Up to \$500,000 for Agape Child Development Center located at 3014-24 Emerson Avenue North by Agape Development Partners LLC (Oasis of Love, Inc. and Welsh Construction). (Attachment E1)
2. Up to \$188,000 for Cecil Newman Plaza located at 701-709 Emerson Avenue North by Legacy Management & Development and Northside Residents Redevelopment Council. (Attachment E2)
3. Up to \$289,400 for Heritage Park Phase III located at Olson and Lyndale by McCormack Baron Salazar. (Attachment E3)
4. Up to \$435,000 for Hawthorne Apartments located at 1501 Hawthorne Avenue by Plymouth Church Neighborhood Foundation and up to \$30,000 of Non-Profit Admin funds. (Attachment E4)
5. Up to \$554,403 for Loring Towers located at 15 E. Grant Street by Apartment

Investment and Management Company. As part of the 2003 Affordable Housing Incentive Fund (AHIF) selection process, Hennepin County awarded \$673,000 in gap funding to Loring Towers. (Attachment E5)

6. Up to \$180,543 for Morrison Village Apartments located at 2630 - 2636 First Avenue South by Community Housing Development Corporation. (Attachment E6)

7. Up to \$500,000 for New Village Cooperative located at 2730 Portland Avenue South by Powderhorn Residents Group. (Attachment E7)

8. Up to \$500,000 for Paige Hall located at 727 - 5th Ave. South by Central Community Housing Trust and up to \$30,000 of Non-Profit Admin funds. (Attachment E8)

9. Up to \$1,000,000 for Riverside Station located at 15th Avenue between 4th & 6th Streets by Twin Cities Housing Development Corporation, up to \$30,000 of Non-Profit Admin funds, and up to \$400,000 from the Riverside Plaza Affordability Fund. (Attachment E9)

10. Up to \$468,000 for St. Anne's Senior Housing located at 2300 West Broadway by St. Anne's Community Housing Development Corporation and up to \$30,000 of Non-Profit Admin funds. (Attachment E10)

11. Up to \$178,842 for Structured Independent Living for Veterans located at 4632 First Avenue South, 5521 - 32nd Avenue South, 5612 - 46th Avenue South, 4653 Columbus, 4308 - 29th Avenue South, and 4226 Portland by Minnesota Assistance Council for Veterans. (Attachment E11)

The following three projects were recommended for the \$500,000 Empowerment Zone monies which were part of the June RFP:

--- Franklin Portland Gateway Phase II - \$170,000

--- Hiawatha Commons - \$222,850

--- Phillips Park Initiative LSS Housing Opportunities - \$107,150

On November 13, 2003, the EZ Executive Committee considered the funding recommendations for these three projects and forwarded them with their support to the Empowerment Board Governance Board scheduled to meet on December 11, 2003.

PROPOSALS NOT BEING RECOMMENDED FOR FUNDING

The projects not being recommended for funding at this time are: Double Flats, Franklin Portland II and III, House of Dreams, Little Earth Phase IV, Maynidoowahdak Odena, Nicollet Island Mid River, Spirit Connection II, Village in Phillips.

1. Double Flats - Staff is not ready to recommend AHTF funding to this 11 unit project that is managed by PPL. The proposal requires further review to resolve issues of ownership.
2. Franklin Portland II and III - Staff is not ready to recommend additional AHTF funds to this project until we see a commitment of other funds to the project. In September, 2002, the Board approved up to \$345,000 Multi-Family/AHTF Program funds and \$30,000 of Non-profit Admin funds to this project.
3. House of Dreams - Although this project is not being recommended for funding at this time, staff will continue its review under the current RFP. If the project scores well and the outcome of staff review is positive, staff anticipates moving forward with a funding recommendation within the next six weeks.
4. Little Earth Phase IV - CPED staff is not ready to recommend AHTF funds until Little Earth Phase III has further progressed and until further CPED, County, and MHFA assessment is given to the proposed senior housing development component in Phase IV.
5. Maynidoowahdak Odena - MHFA is providing approximately \$63,000 to this project to cover emergency repairs. Otherwise, MHFA, Hennepin County, and CPED believe that the additional renovation repairs requested in their application are minor and/or are items that are generally covered by operating and replacement reserves. The funders are committed to continue working with this group, however, do not recommend additional funding until the project has resolved their current financial situation (operating capital deficit).
6. Nicollet Island/Mid River - Mid River is a 22 unit leasehold cooperative and requires resolution of issues with the limited partner. The tax credit compliance period expired in December, 2002 and the limited partner would like to sell the property for market rate housing.
7. Spirit Connection II - This project is not being recommended for funding since the proposal did not meet minimum point threshold (a total of 20 points in "Financial Soundness & Management" and "Economic Integration").

8. Village in Phillips Apartments - Although this project is not being recommended for funding at this time, staff will continue its review under the current RFP. If the project scores well and the outcome of staff review is positive, staff anticipates moving forward with a funding recommendation within the next six weeks.

This report was prepared by Donna Wiemann, Dollie Crowther, Cherre Palenius, Bernadette Lynch, and Jerry LePage. For further information, please contact Donna Wiemann at X5257.